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**Improving the financial situation of the
United Nations****Financial situation of the United Nations****Report of the Secretary-General***Summary*

The present report provides a review of the financial situation of the United Nations as at 30 September 2017 and provides an update to the information presented in the previous report of the Secretary-General (A/71/440/Add.1).

The report focuses primarily on four financial indicators: assessments issued, unpaid assessments, available cash resources and the Organization's outstanding payments to Member States.

The financial indicators for 2017 for peacekeeping operations and the international tribunals remain generally sound and positive. Nevertheless, regular budget cash is currently exhausted, and reserves are at low levels. Severe cash problems will be experienced in the final months of the year unless sufficient contributions are received.

The level of outstanding payments to Member States for troops and formed police units and contingent-owned equipment currently reflects a significant decrease. The financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time.



I. Introduction

1. The present report provides an update on the financial situation of the United Nations presented to the General Assembly by the Secretary-General in his previous report (A/71/440/Add.1). It mainly reviews the financial indicators as at 30 September 2017 and provides a comparison with the situation as at 30 September 2016 (see A/71/440).

2. In the present report, the financial situation of the United Nations is considered on the basis of four main financial indicators that have been used to measure the strength of the Organization: assessments issued, unpaid assessed contributions, available cash resources and the Organization's outstanding payments to Member States.

II. Review of the financial situation as at 30 September 2017

3. The financial situation as at 30 September 2017 reflects an increase in the level of assessments issued for the regular budget and the international tribunals, and a decrease for peacekeeping operations. Unpaid assessments were lower for the regular budget and the tribunals and higher for peacekeeping operations than they had been one year earlier. The level of outstanding payments to Member States reflected a decrease compared with the level of one year earlier. Cash balances were positive for peacekeeping operations and the tribunals. Nevertheless, the regular budget cash position during the last quarter of the year continues to be a major concern. The final outcome will depend largely on incoming contributions during the remaining part of the year.

A. Regular budget

4. In 2017, assessments for the regular budget were issued at a level of \$2.58 billion, \$29 million higher than the level in 2016. Payments received by 30 September 2017 were \$1.89 billion, just \$1 million below the amount received by 30 September 2016. Unpaid assessments as at 30 September 2017 totalled \$1.1 billion, which is \$94 million less than the level outstanding a year earlier.

5. As at 30 September 2017, 134 Member States had paid their regular budget assessments in full, which is eight more than on 30 September 2016. The Secretary-General wishes to thank the Member States that have honoured their obligations for the regular budget in full and urges the remaining Member States to follow their example.

6. Cash resources available for the regular budget under the General Fund include the Working Capital Fund, authorized at \$150 million by the General Assembly, and the Special Account, currently at a level of \$201 million. As at 30 September 2017, the regular budget cash shortfall was \$142 million, which was covered by the Working Capital Fund. Taking into account the reserves, total cash of \$209 million was available under the General Fund as at the same date.

7. In 2017, the regular budget has so far experienced cash shortfalls in August and September 2017. More severe cash problems will arise in the final months of the year unless sufficient contributions are received. The cash position will continue to be monitored closely and the final position at the end of 2017 will depend largely on the payments made by Member States in the coming months.

8. The overall level of available reserves (both the Working Capital Fund and the Special Account) amounts to \$351 million, which is sufficient to cover only six

weeks of regular budget operation. With only \$209 million remaining as at 30 September 2017, these reserves are already at low levels. Sound financial management necessitates adequate cash reserves so that the United Nations can meet its financial obligations in a timely fashion. The level of the Working Capital Fund will be addressed as part of the Secretary-General's reform proposals.

B. Peacekeeping operations

9. The changing demand for peacekeeping activities makes it difficult to predict financial requirements. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than by calendar year; assessments are issued separately for each operation; and, since assessment letters may be issued only through the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year.

10. As at 30 September 2017, a total of \$6.1 billion had been assessed for peacekeeping operations in 2017. Contributions received so far in 2017 amount to approximately \$5.4 billion. The unpaid amount for peacekeeping operations as at 30 September 2017 was \$2.5 billion.

11. Owing to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be difficult for Member States to keep fully current with them. The Secretary-General therefore wishes to express special gratitude to the 32 Member States that by 30 September 2017 had paid all peacekeeping assessments that were then due and payable.

12. The amount of cash available for peacekeeping operations as at 30 September 2017 was approximately \$3.4 billion, with \$3.1 billion in the accounts of active missions, \$174 million in the accounts of closed missions and \$138 million in the Peacekeeping Reserve Fund.

13. Outstanding payments to Member States for troops and equipment amounted to \$808 million at the end of 2016, and have since significantly decreased to an amount of \$491 million at the end of September 2017. As at that date, only \$1 million was owed to Member States for troops and formed police units. With regard to claims for contingent-owned equipment, \$404 million was owed for active missions and \$86 million for closed missions.

14. The Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible. In that regard, the peacekeeping cash flow situation is being monitored closely, with a view to maximizing quarterly payments to Member States on the basis of cash and data availability. To do so, however, the Organization depends on Member States honouring their financial obligations in full and on time, and also on the expeditious finalization of memorandums of understanding with troop contributors for the provision of equipment.

C. International tribunals

15. The overall financial position of the tribunals and the International Residual Mechanism for Criminal Tribunals remains generally sound in 2017. With the closure of the International Criminal Tribunal for Rwanda, assessments were issued only for the International Tribunal for the Former Yugoslavia and for the International Residual Mechanism in 2017. As at 30 September 2017, unpaid assessments for the tribunals amounted to \$49 million, which was lower, by \$6 million, than the amount outstanding on 30 September 2016.

16. As at 30 September 2017, 106 Member States had paid their assessed contributions to both tribunals and the International Residual Mechanism in full, which is five more than the number in 2016. The Secretary-General wishes to express his appreciation to the 106 Member States that have met their obligations in full, and urges other Member States to pay their contributions to the international tribunals in full and on time.

17. The month-by-month position of cash balances for the tribunals was positive in 2015, in 2016 and, so far, in 2017, and is expected to remain solid through the end of the year. The final position will depend on incoming payments from Member States during the final months of 2017.

III. Conclusions

18. The Secretary-General wishes to pay special tribute to the following 33 Member States that had paid their assessments that were due and payable in full at the time of reporting, namely: Angola, Armenia, Australia, Bhutan, Canada, China, Côte d'Ivoire, Cuba, Cyprus, Democratic Republic of the Congo, Denmark, Finland, Germany, Hungary, Ireland, Japan, Kuwait, Kyrgyzstan, Latvia, Liechtenstein, Malawi, Monaco, Netherlands, New Zealand, Norway, Qatar, Saint Kitts and Nevis, Senegal, Singapore, Slovakia, Slovenia, Sweden and Switzerland.

19. The Secretariat continues to improve its processes. In June this year, Member States were provided a new option of receiving assessment letters by email. Eighty-seven Member States have so far taken advantage of this option; the remaining Member States are encouraged to do so. This makes for a faster and more streamlined process.

20. The financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time. A sound cash flow is essential for the Organization to deliver on its mandates.